

SANTA ANA DISTRICT NEWSLETTER

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September 2010

Santa Ana District Office Hosts Lender Roundtable on 7/29

By Doug Dare, Business Development Specialist

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SBA's Santa Ana District Office and the [Orange County Inland Empire Regional Network SBDC](#) hosted a lender roundtable on 7/29 for an audience of approximately 120 SBA lending professionals. Each quarter, the SBA sponsors a lender roundtable to share information, present distinguished experts, and provide networking opportunities between lenders, service providers, and resource partners.

The main goal of this particular roundtable was to educate SBA lenders about new changes to the 504 loan program for commercial real estate and fixed assets. A provision in the American Recovery and Reinvestment Act authorized the SBA to create a program to allow for first position mortgage holders to pool these mortgages and sell them on the secondary market. It's widely believed that this provision will increase liquidity for lenders and ultimately allow for the production of more 504 loans.



Attendees network over a light breakfast before the presentations begin

Jim Hammersley, Deputy Assistant Administrator for SBA's Office of Policy and Strategic Planning, and the "architect" of this program, delivered the opening remarks. Jordan Blanchard, EVP Direct Capital-Wholesale Lending for CDC Small Business Finance delivered the first presentation, which discussed the benefits, structure, eligibility requirements, and the options for banks to participate in the program. Banks that wish to participate have three options: to sell 85% of individual loans to a pool originator, to apply to become a self-pool originator, or to sell 100% of the loan to secondary lenders.

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Women
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Inland Empire
Women's
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Center

Coachella
Valley
Women's
Business
Center



From L to R: Stephen Leung, SBA; William Sommer, Zions National; Jim Hammersley, SBA; and Jordan Blanchard, CDC Small Business Finance

William Sommer, Senior VP/Regional Director of Zions National Real Estate, delivered the second presentation. His presentation focused on what secondary market buyers are looking for, current rates, recently funded loans, and opportunities in 504 lending.

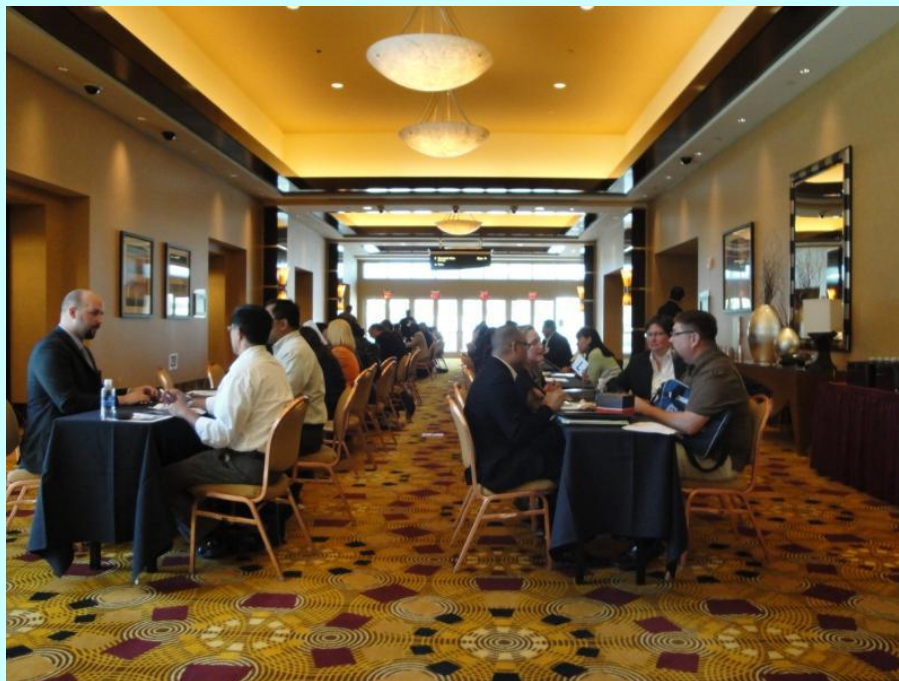
Our district office would like to thank all of the participants for a very successful event and we are looking forward to our next lender roundtable. If you have any questions, please contact Stephen Leung, Lender Relations Specialist, at (714) 560-7450.

AICC EXPO '10 Summary & e200 Update

Story By Eric Ravelli and Doug Dare, Business Development Specialists

The American Indian Chamber of Commerce (AICC) hosted EXPO '10 at the Agua Caliente Casino & Resort in Rancho Mirage from 7/25 to 7/27. SBA participated in team coaching activities, individual client counseling, and also delivered presentations on government contracting and business development. The audience at the event consisted of tribes and Native American businesses based in California and Arizona.

District Director Ruben Garcia and Business Development Specialist Maria Hughes of the San Diego Office were on hand, as well as Deputy District Director Rachel Baranick and Business Development Specialists Eric Ravelli and Paul Smith of our office. Clara Pratte, National Director of the SBA's Office of Native American Affairs delivered a keynote address along with Steven Miller of the Walt Disney Company during the EXPO Partnership Luncheon, and LeAnn Delaney, Acting Associate Administrator for 8(a) Business Development participated in a government contracting panel discussion.



Businesses participate in the speed coaching and networking activities offered at the EXPO

Attendees of SBA's e200 program, now in its third month, convened at this event. Normally the class meets at the University of Redlands Orange County campus, but this session allowed participants to leverage business and networking opportunities at the AICC event.



e200 Native America participants meet at the American Indian Chamber of Commerce's EXPO '10.
From L to R: Eric Ravelli, Armando Bravo, Jeff Estep, Gloria Cordero, Don Wadsworth, Rachel Baranick, Clara Pratte, Rachel Stanhoff, Allison Hicks, Yvonne Adams, Tracy Stanhoff, LeAnn Delaney, Steve Donnell and Mrs. Donnell

Actively participating in class discussions were SBA's Clara Pratte, LeAnn Delaney and Rachel Baranick.

E200 is a nationwide SBA training initiative that immerses small business owners in a seven month curriculum to stimulate business growth. According to SBA Administrator Karen Mills, *"Graduates of the program have increased their revenue, created jobs and helped drive local economic growth in their communities. SBA's commitment to not only continue, but expand the program, will build on this success and provide even more entrepreneurs in underserved communities with the support, resources and skills to succeed."*

SADO has partnered with University of Redlands, American Indian Chamber of Commerce of California and the National Center for American Indian Enterprise Development to offer this opportunity to our community. SADO's e200 program is one of only twelve such programs across the country with a Native American focus.

If you'd like to know more about the e200 program, please contact Eric Ravelli, e200 Program Manager at eric.ravelli@sba.gov, or via phone at (714) 560-7455.

It's Tea Time for These Titans

Story by Doug Dare, Business Development Specialist

Ask brother/sister duo and California State University Fullerton alumni Jonathan Munsayac and Michellee Phelps what the key ingredient in their recipe for success is and they will tell you: having a winning business plan...and persevering.

In October 2007, they received pre-approval for an SBA loan for their concept - an urban tea lounge that would specialize in over 85 varieties of loose leaf tea, delicious food & desserts, tea related retail products, and special events. With that in mind, they found an ideal location for what would become the Tranquil Tea Lounge - downtown Fullerton.

"As graduates of Cal State Fullerton, we envisioned an alternative to the local bars and coffeehouses. The mix of independent retailers, theaters, and proximity to two colleges make this downtown different than any other in Orange County. Plus, we loved that Fullerton residents support their local small businesses," says Jonathan.

Soon after signing the lease for their location, they learned that the bank which had pre-approved their loan was taken over by another bank, forcing them to start all over.

"Over the next 18 months we went to 16 banks before calling California Bank & Trust," says Michellee. The very next day, Rachel Zippwald, Vice President of SBA Business Development for California Bank & Trust, agreed to meet with us at our location.

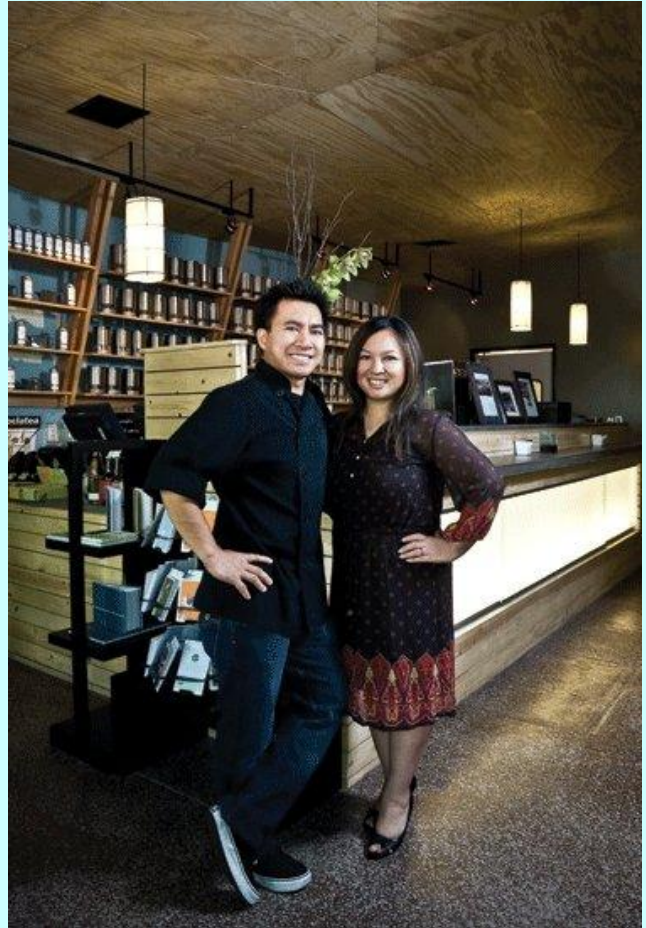
"All of the financial institutions we approached said we had among the best business plans they had seen," said Michellee. "However, since we were a start-up business in the food industry and lacked collateral, we were perceived as being too risky. Rachel saw that construction was 80% complete and understood the unique concept we proposed."

Of course, their extensive background in food, special events, and marketing certainly helped to sell their concept. Jonathan managed restaurants for the Disneyland Resort for seven years and gained additional experience working under Chef/Owner Rich Mead at Sage Restaurant and Sage on the Coast in Newport Beach. Michellee was the former Director of Marketing with Churm Media, publisher of OC METRO and OC Family magazines. She is currently celebrating 15 years with Disneyland Resort's Entertainment/Special Events Division.

In February 2009, Zippwald called them with the news they had been waiting to hear for the past year and a half - they were approved for a \$150,000 SBA loan. Michellee and Jonathan were able to resume construction and after much ado Tranquil Tea Lounge celebrated its grand opening on June 5, 2009.

Tranquil Tea Lounge has been open for over a year now and with the help of social media tools such as Twitter, Facebook, and MySpace, combined with marketing at local farmers markets and events, business has been consistent and steadily increasing. "All the hardship we went through during the past two years prior to our grand opening was well worth going through after seeing the success we are experiencing, especially during this economy," says Michellee. "Our business continues to grow steadily each month, we hope to expand and open a second location in the future."

Michellee also had this advice to offer anyone considering starting a business. "Do your research. You need to know everything about the industry, your competition, and your demographics. The more information you know,



Jonathan Munsayac and Michellee Phelps, owners of Tranquil Tea Lounge in Fullerton

the more successful you will be in writing a detailed business plan that will impress banks or potential investors."

Tranquil Tea Lounge is very engaged in its community as a member of the Fullerton Chamber of Commerce and has sponsored events for the Muckenthaler Cultural Center in Fullerton. They also support local artists by displaying their artwork. Jonathan is also active with Big Brothers/Big Sisters of Orange County, having been a Big Brother since 2007.

SBA loan guaranty programs help thousands of entrepreneurs like Jonathan and Michellee start and grow businesses every year. To find out more about the SBA's loan guaranty programs, you can visit our [website](#) or contact your local district office.

SBA to Cosponsor 3rd Annual Faith-Based Small Business Summit and Loan Fair

Story by Doug Dare, Business Development Specialist

The Santa Ana District Office of the U.S. Small Business Administration is pleased to announce the upcoming Third Annual Faith-Based Small Business Summit and Loan Fair, which will be held at the Ontario Convention Center on October 14th, 2010, from 7:30am to 4:30pm. The SBA is co-sponsoring this event along with AmPac TriState Certified Development Company and the Inland Empire Women's Business Center. The focus for this year's event will be on "Making the Connection Between Faith & Business."

Faith-based organizations, businesses, and individuals are invited to attend this event, which will feature several workshops, an awards ceremony to recognize faith-based businesses, and networking opportunities, followed by an SBA loan fair. Workshop topics include "How to Use SBA Online Resources for Growing and Expanding Your Business or Non-Profit", "The Real Deal of Gaining Access to Capital - Making Your Business Lendable", "Tax Strategies for Growing Your Business - The Most Profitable Deductions", and "Should I Be a Non-Profit or For Profit? Can I do Both?"

This year's event will build on the success of last year's event, which featured Jerry Flavin, Assistant Administrator for SBA's Office of Faith Based and Neighborhood Partnerships, and Robert Wolf, Former Undersecretary for Business, Transportation & Housing for the State of California, as speakers. An estimated 150 faith-based and community leaders and businesses attended this well-received event. A special feature of this year's event is a salute to business owners and organizations who have "Made the Connection Between Faith & Business." Joshua DuBois, Executive Director of the White House Office of Faith Based Programs and Neighborhood Partnerships, has been invited to be the keynote speaker.

The U.S. Small Business Administration is committed to providing outreach and support to faith-based organizations that serve small businesses. Their knowledge of SBA programs will enable them to better serve their communities and ensure equal access to SBA initiatives as an integral part of economic recovery.

AmPac TriState CDC is the first faith-based CDC in the country and is committed to helping connect faith & business.

The Inland Empire Women's Business Center is partially funded by the Small Business Administration to provide management & technical assistance, free business counseling, and low-cost workshops on business topics.

The faith-based portion of the event will be held from 7:30am to 2pm, and costs \$65 to attend and includes a continental breakfast and luncheon. The loan fair, which will be held from 2:30pm-4:30pm, is absolutely free for business owners to attend. Vendor exhibits are available for interested parties.

To register for the faith based event, please click [here](#).

To register for the loan fair, please click [here](#).

Questions may be directed to Sylvia Gutierrez, Event Coordinator, at (714) 560-7454.

J.C. Palomar Construction, Inc. and MW Services, Inc. to be Honored at ABAOC's PROCON

Story by Doug Dare, Business Development Specialist

J.C. Palomar Construction, Inc., a full service environmental remediation and consulting company, and MW Services, Inc., a general engineering and construction firm, will be honored at the Asian Business Association of Orange County's (ABAOC) PROCON and Global Sourcing Conference on Thursday, October 14, 2010. Jose Diaz and Chris Bason, owners of J.C. Palomar Construction, Inc. are the recipients of SBA's Santa Ana District Office MEDWeek Small Business Person of the Year Award. Marie and Aldo Willis, owners of MW Services, Inc., are the recipients of SBA's Santa Ana District Office MEDWeek 8(a) Graduate of the Year Award. MEDWeek is the nation's premier event for minority entrepreneurs and business owners and is hosted by the Minority Business Development Agency, a subagency of the U.S. Department of Commerce.

J.C. Palomar Construction, Inc., headquartered in Santa Ana, CA, specializes in the environmental remediation of soil and groundwater contamination, potable water systems, fueling systems, and environmental compliance. Its clients include major oil companies, an environmental consulting firm, the U.S. Air Force, the U.S. Army Corps of Engineers, and other Federal agencies.

MW Services, Inc., a full service national general engineering and building construction firm headquartered in Temecula, CA, specializes in Indefinite Delivery Indefinite Quantity (IDIQ) Federal construction contracts with the Department of Defense, Homeland Security, and the General Services Administration. Clients outside of the Federal government include state, county, and city public works projects as well as private industry.

Each year, SBA's Santa Ana District Office selects one firm from its portfolio of 8(a) Business Development Program companies to compete against nominations from other SBA district offices to be recognized as the National MEDWeek Small Business Person of the Year. Participants are judged by their overall financial condition, growth in total sales, growth in net profit, growth in full-time employees, nominee's participation in community projects, and other categories

The [8\(a\) Business Development Program](#), named after a section in the Small Business Act, is a business development program created to help small disadvantaged businesses compete in the American economy and access the federal procurement market. To find out if your company is eligible for this program, please use SBA's [8\(a\) Suitability Assessment Tool](#).

For questions about the SBA's 8(a) Business Development Program, please contact Karen Burgess, Lead Business Development Specialist, at (714) 560-7451.

FY10 Year to Date Loan Dollar Amount 70% Higher than Same Period in FY09

Story by Doug Dare, Business Development Specialist

Activity for SBA-backed loans in Orange, Riverside, and San Bernardino counties has picked up significantly from its 2009 levels, according to data from the Santa Ana District Office of the U.S. Small Business Administration. From October 1st, 2008 to July 31st, 2009, 821 loans were made for a total of \$312,339,300. From October 1st, 2009 to July 31st, 2010, 1153 loans were made for a total of \$530,859,300. This represents a 40% increase in the number and a 70% increase in the dollar amount of loans to small businesses in fiscal year 2010 year to date compared to the same period in 2009.

"Making sure that small businesses have adequate capital to grow and create jobs to lead us out of this recession is a top priority of the SBA," remarked District Director Adalberto Quijada.

Two provisions in the American Recovery & Reinvestment Act (ARRA) pertaining to SBA lending are credited for much of this increase. The guaranty increased from 80% to 90% and fees were eliminated for most SBA loans, alleviating some of the risk for lenders and reducing the cost to borrowers. However, these provisions expired in June and a queue remains in effect for businesses seeking SBA loans with these enhancements.

SBA continues to seek authority and funding to resume making loans under the ARRA provisions. From February 17, 2009, when ARRA was signed into law, average weekly dollar volume for SBA-backed loans rose by more than 90% in the 7(a) and 504 programs compared to the weekly average before the passage of ARRA. This supported more than \$29.4 billion in small business loans nationwide, including \$1.1 billion to businesses in the counties of Orange, Riverside, and San Bernardino.

The [7\(a\) loan program](#) is SBA's primary vehicle to deliver capital to cash-strapped existing businesses and start-

ups. Under this program, proceeds can be used for working capital, expansion or renovation, new construction, to purchase land or buildings, leasehold improvements, as a seasonal line of credit, or for inventory.

SBA's [504 loan program](#) is for long-term fixed assets, to include commercial real estate and equipment with a lifespan of more than 10 years. Under this program, a business owner can receive financing of up to 90% for qualifying assets.

To view our district office's lender rankings, please click [here](#).

Small Businesses Won a Record \$96.8 Billion in Federal Contracts in FY09

Story by Tiffani Clements and Hayley Matz

Small businesses won a record \$96.8 billion in federal prime contracts in Fiscal Year (FY) 2009 (Oct. 1, 2008-Sept. 30, 2009), an increase of more than \$3 billion from FY 2008, according to the U.S. Small Business Administration's fourth annual small business procurement scorecard released today. This dollar amount represents 21.89 percent of all federal spending - an improvement over FY2008. Additionally, performance in each of the government's socioeconomic subcategories increased for FY2009.

"Small businesses received a record \$96.8 billion in federal contracts in 2009. There was an increase in both dollars and contracting share for every small business category. This represents real progress, but not enough, we must reaffirm our commitment to ensuring that the 23 percent goal is met and exceeded," SBA Administrator Karen Mills said. "Federal contracts awarded to small businesses are a 'win-win' - providing small businesses with the opportunity to grow and create jobs, and offering innovative services and essential goods to the government at great value to the taxpayers."

Small Business Goaling Summary Report

		2009	2009	2008	2008
Category	Goal	%	\$	%	\$
Small Businesses	23%	21.89%	\$96.8 billion	21.50%	\$93.2 billion
Women Owned Small Business	5%	3.68%	\$16.3 billion	3.40%	\$14.7 billion
Small Disadvantaged Businesses	5%	7.57.%	\$33.5 billion	6.76%	\$29.3 billion
Service-Disabled Veteran Owned Small Business	3%	1.98%	\$8.8 billion	1.49%	\$6.4 billion
HUBZone	3%	2.81%	\$12.4 billion	2.34%	\$10.1 billion

SBA is required to report to the President and Congress on achievements by federal agencies and departments against their annual goal to ensure greater accountability. The small business Procurement Scorecard fulfills that requirement by providing an assessment of federal achievement in prime contracting and subcontracting to small businesses by the 24 Chief Financial Officers Act agencies. It also measures progress that departments are making to ensure small business opportunities remain an integral part of their acquisition of goods and services to meet mission objectives.

The fourth annual Scorecard is an assessment tool (1) to measure how well federal agencies reach their small business and socio-economic prime contracting and subcontracting goals, (2) provide accurate and transparent contracting data and (3) report agency-specific progress. The prime and subcontracting component goals include goals for small businesses, small businesses owned by women, small disadvantaged businesses, service-disabled veteran owned small businesses, and small businesses in located in HUBZones.

As it does every year, the SBA has closely examined federal procurement reporting and data to ensure the greatest level of transparency possible. After identifying anomalies in initial reports, the SBA has worked collaboratively - and will continue to work - with agencies across the government to correct as many data issues as possible, and improve the integrity of all small business federal contracting reporting moving forward.

The Recovery Act and small business contracting

The American Recovery and Reinvestment Act (ARRA) provided additional resources to federal agencies in fiscal year 2009, providing additional opportunities for small businesses to win federal contracts. Through early August, small businesses have secured over 30 percent of Recovery Act Contracts. This preliminary data underscores the priority the Administration and the SBA have placed on increasing small businesses access to federal contracts so that they can grow and create jobs.

About the Scorecard

SBA graded 24 agencies on each of the individual prime contracting goals established by Congress and used a new A+ through F letter grade system rather than the previous red, yellow, and green ratings. The new scorecard format was implemented this year to provide greater clarity and transparency on how well each agency is doing in meeting its individual small business prime contracting goals.

Each federal agency has a different small business contracting goal, determined annually in consultation with SBA. SBA ensures that the sum total of all of the goals meets the 23 percent target established by law.

Each agency's overall grade will show an A+ for agencies that meet or exceed 120 percent of their goals, an A for those between 100 percent and 119 percent, a B for 90 to 99 percent, a C for 80 to 89 percent, a D for 70 to 79 percent and an F for less than 70 percent. An agency's overall grade was comprised of three quantitative measures: prime contracts (80 percent), subcontracts (10 percent) and its progress plan for meeting goals (10 percent).

The scorecard released by SBA, as well as a detailed explanation of the new scorecard methodology, is available [online](#).

As part of its ongoing efforts to increase access to contracting opportunities for small businesses, the SBA is continuing to work with federal agency procurement staff to strengthen the integrity of contracting data, including providing tools to facilitate public review of data, improvements to systems and training to improve accuracy.

SADO in the Community

Story by Jill Andrews

Paul Smith participated in a webinar with the Irvine Chamber of Commerce on Export Trade to Korea as part of the International Market Insight series last Wednesday. This was the first discussion in a series of country-specific webinars that feature foreign commercial service officers speaking in detail about high-growth industries in their area of areas of responsibility. Paul's segment covered SBA's export finance programs, including the [Export Working Capital Loan Program](#), [Export Express](#), and the [International Trade Loan](#). To participate in future discussions, please visit the Irvine Chamber of Commerce's website and search for "international market insights". Additional webinars will focus on exporting to Mexico, Japan, China, Taiwan, and the European Union.

Sylvia Gutierrez visited with economic development staff in Redlands to provide an overview of SBA's programs and services. It's worth noting that SBA has guaranteed almost \$20 million in loans for businesses located in that community over the past three years.

SBA cosponsored an event at CSU San Bernardino (CSUSB) with the Office of Congressman Jerry Lewis, the CSUSB Center for Entrepreneurship, and the County of San Bernardino. More than 100 local businesses participated and had a chance to hear about SBA programs and services and what was happening in Washington, D.C. and the County of San Bernardino.

SADO to Participate in 2nd Annual Asian Business Womens' Leadership Conference

Story by Doug Dare, Business Development Specialist

SADO is pleased to announce our participation in the upcoming 2nd Annual Asian Business Womens' Leadership Conference, to be held on September 16th from 9am to 4pm at the Embassy Suites located at 11767 Harbor Boulevard, Garden Grove, CA. The cost of attendance is \$25, which includes a luncheon. All women in business are invited to attend.

The theme of this year's conference is "Global Business Connections", and the goal as stated by the Asian

American Business Womens Association (AABWA) is "to raise awareness of the diverse interests in today's global economy and to give businesswomen a forum to express their views and learn from the experiences of successful women in business." At this event, there will be panel discussions on global business, a focus future small business, and attracting investors and access to capital. Guy Fox, Chairman of the Southern California Regional District Export Council will be the keynote speaker. Some of the invited panelists include Dr. Nu Young, Senior Business Manager for Northrop Grumman, Dr. Vu Pham, CEO of Spectrum Knowledge, and Ms. Tracy Nguyen, President of St. Paul Brands.

For more information or to register online, please visit AABWA's website at www.aabwa.org or call Kim-Yen Huynh at (714) 642-0072. Facebook users may also join the group "Asian American Business Women Association" for updates.